

TID 48 - Park East Corridor Redevelopment
Periodic Report
12/31/16

District Created: 2002

Authorized expenditure (excluding interest): \$44,929,549

Authorizing resolution(s): #011182, #041514, #071392, #081717, #090687, #101297, #131498, #150159, #151547, #160418, #160419, #160420

Projected TID cost recovery: 2023 (levy year)

Maximum legal life: 2029

Base property value: \$45,325,600

Completion status: Flatiron, North End I, Aloft Hotel, Milwaukee Moderne, North End II, The Avenir and the MSOE soccer stadium, parking structure and public park projects are completed. North End III & IV and Rhythm are underway.

Project description

The district encompasses the corridor of the former Park East Freeway, generally bounded by East Juneau Avenue and East Highland Avenue on the south, North 8th Street on the west, North Jefferson Street, North Milwaukee Street, and North Broadway on the east, and West McKinley Street on the north.

Initially, the district funded capital costs of \$3.9 million for improvements and reconstruction of numerous street segments. These improvements were made in coordination with the demolition of the freeway structure that previously ended at North Jefferson Street. The freeway has been rebuilt to end at North 6th Street and reconnect with the city street grid at that location.

The demolition of the freeway freed up approximately 25 acres of underutilized land for future development. It is expected that \$780 million of new office, commercial and residential construction will take place on these sites over the next ten to fifteen years. The Redevelopment Authority approved the Redevelopment Plan in 2003 with Common Council approval obtained in 2004.

An amendment to the district plan, increasing costs to \$19.9 million, was approved by the Common Council in May of 2005. Also in 2005, the sale of a site at 1550 North Water Street was approved to Flatiron, LLC. The Flatiron development includes 33 residential units and ground floor retail space along Water Street. In addition, two sites were optioned to RSC, Inc. of Chicago, which proposed to develop a mix of residential and commercial projects. RSC's option on the second site expired and the company chose not to extend it. In late 2007, RSC purchased block 26 from Milwaukee County with the intention of developing two hotels and a residential mixed-use project.

In the latter part of 2006, Milwaukee County also optioned the block encompassed by East Juneau Avenue, East McKinley Avenue, North 3rd Street and North 4th Street to Mequon-based developer Rob Ruvin, who proposed a mixed-use development that would include a hotel, residential units and a small retail component. This option expired and the development did not move forward.

In December 2006, the Common Council approved a development agreement for the North End riverwalk and public infrastructure project, in conjunction with the North End development on the site of the former US Leather tannery, located at 1531 North Water Street. The Development

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Agreement earmarked \$500,000 for job training programs associated with the project. Phase I of the North End development broke ground in March 2008. Completed in 2009, this phase includes 88 apartments, 13,000 square feet of first floor retail and a parking structure with 115 spaces.

In April 2008, an increase in funding was approved for allocation of an additional \$1,250,202 for the City-share of costs for a 200 linear foot riverwalk, dockwall and related public infrastructure built in conjunction with the Aloft Hotel, located at 202 West Juneau Avenue. In December of 2009, the \$27 million project opened to the public with 160 guest rooms, first floor meeting space and a bar/lounge area. The funding increase also included use of an amount not to exceed \$278,160 to purchase the private property owned by M&I Bank for the purpose of establishing right-of-ways for the extension of Ogden and Market Streets.

In November 2009, the Common Council approved an increase in funding to provide a \$9,300,000 loan to the Moderne, which will be repaid by the sale proceeds of the 14 condo units and excess cash flow from the apartment & retail portions of the project. The project, at the southwest corner of Old World 3rd and Juneau Streets includes 203 apartments, 14 condominiums and 204 structured parking spaces. This increase in funding also included \$850,000 for a public park at Water and Broadway Streets, as outlined in the project plan.

The Moderne broke ground in December 2010. In late fall 2012, the parking and apartments were completed, with the condo units completed in December 2012. To date, the Moderne has sold 13 of its 14 condo units. Sale proceeds to date have fully satisfied the \$2.8 million mezzanine loan, leaving a balance of \$3.4 million for the completion loan. The completion loan will also be paid with the sale proceeds from the remaining condo sales and excess cash flow from the apartments at stabilization. The apartments have a over 90% occupancy rate, with 184 of the 203 leased. The commercial portion of the development is fully leased to Carson's Prime Steaks and Famous Barbeque Restaurant.

In January 2010, the Redevelopment Authority of the City of Milwaukee (RACM) approved \$30,000,000 in bonding for the Park East Square project, a 121-unit apartment at Ogden and Milwaukee Streets being developed by RSC & Associates. The bonds will be repaid by the developer, using RACM as a conduit. This project was also expected to break ground in 2010. However, the developer couldn't secure financing and the project did not move forward.

The North End Phase II project broke ground in 2012 and included 155 residential units & 220 additional parking spaces within an expanded structure. As a condition to receiving their senior financing from WHEDA, 80% of the units are market rate, with the remaining 20% leased as affordable units to households earning no more than 60% of the County's median income. Public infrastructure associated with this phase of the project included an extension of the riverwalk system, a public plaza at the corner of Water and Pleasant Streets and an extension of Edison Street adjacent to the newly constructed riverwalk.

Construction of the North End II project was completed mid-summer 2013. Of the \$4,628,940 in loan proceeds, \$3,573,621 was disbursed. The remaining proceeds were disbursed in 2015. The

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project has stabilized with occupancy rates in the high 90s for both buildings. Total infrastructure funds of \$2,140,115 were disbursed through 2014 for the riverwalk, dockwall, and Edison Street. A small balance of \$59,884.89 remains and has not yet been dispersed. Finally, Denim Park, the public plaza, opened with the developer hosting a series of concerts open and free to the public.

The MSOE soccer stadium and parking structure project were completed in the summer of 2013. The parking structure serves MSOE, BMO Harris Bank and other private users in the downtown area. The soccer stadium has hosted numerous games in its first two seasons. The development also included creation of a public park abutting the soccer stadium that will be maintained by MSOE.

In fall of 2013, The Avenir broke ground on Block 26 bordered by North Milwaukee, North Jefferson & East Lyon Streets and East Ogden Avenue. Developed by Wangard, the first phase on this 3-acre block includes 104 apartments, 7,072 square feet of commercial space and a parking structure. With an estimated construction cost of \$22 million, the project was completed in early 2015. Phase II anticipates an upcoming ground breaking and will consist of 100 additional apartments along N. Milwaukee Street.

In March of 2014, the Common Council approved a substitute resolution for a term sheet authorizing \$2,000,000 in district funding for infrastructure related to the North End III project. Funding will assist with the costs for the dockwall, riverwalk and the extension of Edison Street. This mixed-use development includes 30,000 square feet of commercial space for a Fresh Thyme Farmers Market, 160 apartments and structured parking for both the grocery customers and residents. Infrastructure funds were released in 2015 with a final payment made in the fall of 2016 when the project was completed.

North End IV broke ground in 2015 and is currently under construction. The six-story 155 apartment building is being built along the Milwaukee River, adjacent to Phases I & II of the overall development site. A funding increase of \$3,023,942 was approved to assist with the Riverwalk, dockwall and infrastructure costs associated with the project's 3rd and 4th phases.

In Fall of 2015, TID # 84 was created and includes the Park East Land west of the Milwaukee River except blocks 8B(The Moderne) and 10(Aloft). Future increment from these blocks will be applied toward debt in the newly created TID.

The Joint Review Board approved a third amendment to TID 48 in March of 2016. This amendment provides \$375,000 for Workforce Training and Capacity Building programs. They approved a fourth amendment on August 9, 2016. This fourth amendment provides up to \$1,530,000 for public infrastructure associated with the Laacke and Joys redevelopment project, which will serve as the new downtown headquarters for Bader Rutter. The project includes 390 linear feet of Riverwalk and new dockwall, in addition to a public access connection from the Riverwalk to Water Street. This fourth amendment also includes an additional \$435,000 to cover the increased costs to construct the 460 linear foot Riverwalk, dockwall, Broadway stub end street and the Edison Street extension associated with Phase IV of the North End development project at 1501 North Water Street.

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District values have increased as follows:

Year	Incremental Value	Change
2016	\$ 184,604,200	31%
2015	\$ 140,794,000	17%
2014	\$ 120,612,600	4%
2013	\$ 116,490,500	76%
2012	\$ 66,301,700	37%
2011	\$ 48,333,200	20%
2010	\$ 40,232,500	23%
2009	\$ 32,786,900	29%
2008	\$ 25,383,100	69%
2007	\$ 14,987,400	32%
2006	\$ 11,324,900	109%
2005	\$ 5,416,100	134%
2004	\$ 2,313,100	438%
2003	\$ 430,100	

Expenditures - Life to Date (as of 12/31/16)

	Project Plan Budget	Appropriations	Encumbrances	Expenditures	Remaining
Administration	\$ 2,689,000	\$ 3,057,650		\$ 2,162,402	\$ 895,248
Public Improvements	26,337,271	25,064,633	-	23,483,346	1,581,287
Public Park	750,000	150,000		-	150,000
Loans to Developer	15,526,940	16,158,940		16,158,113	827
Capitalized Interest	3,937,127	2,338,326	-	2,038,330	299,996
Total	\$ 49,240,338	\$ 46,769,549	\$ -	\$ 43,842,191	\$ 2,927,358

Financing Costs – Interest Paid through 12/31/2016: \$13,225,995

Revenue/Value Performance (as of 12/31/2016)

	Projected	Actual
Property value	\$ 182,280,796	\$ 229,929,800
Incremental value	\$ 136,955,196	\$ 184,604,200
Incremental taxes	\$ 22,335,599	\$ 23,734,424
State aide	*	\$ 113,831

Miscellaneous Revenue through 12/31/2016: \$11,701,804

Is the project within budget? ☒ Yes ☐ No If no, explain:

Is the project on schedule? ☒ Yes ☐ No If no, explain:

Identify any significant concerns that might affect budget or schedule of this project in the future: